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Spain

Grain and Feed

Spain Grain Market

2003

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Report Highlights:
Bad weather – and bad policies – have left Spain's animal feed manufacturers scrambling for grain supplies.

Bad weather, in the form of hot, dry conditions, hit Spain and most of Western Europe during the summer of 2003. Spanish winter grain crops escaped the worst of the heat: the 2003 harvest should be marginally below than last year. However, grain crops in Spain's traditional EU suppliers, particularly France, were hard hit, substantially reducing supplies. Prices for grains in the Spanish market have risen dramatically during the last two months. Wheat prices this September are 30 percent higher than last September, while corn and barley prices are up 18 percent.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[SP]

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Executive Summary

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Bad policies, in the form of the EU's efforts to isolate itself from world grain markets, are also a factor. The EU's ban on GMO corn has cut off Spain's access to U.S. corn, the world's largest and most reliable feed grain crop. In addition, the EU's action earlier this year to restrict imports of feed wheat from Eastern Europe has also limited supplies from that region.

With their usual supplies reduced or restricted, feed manufacturers are moving toward some solutions which were not under serious consideration a few months ago: U.S. sorghum and German rye. CESFAC, the Spanish feed manufacturers group, reportedly has asked Brussels to allow Spain's unfilled sorghum quota from past years to be rolled over into 2003/04. Even if Brussels rejects the request, imports of U.S. sorghum could still each a half million tons in 2003/04.

Although the industry has been hoping to tap into stocks of German rye from intervention, their initial offers were rebuffed at the Grain Management Committee's meeting in Brussels on September 18. Although there were bids for some 730,000 tons of rye, the Committee accepted bids for only 17,648 tons. The successful bids were at a minimum price of 110.21 euro/ton, which is more than 9 euros above the intervention price. Traders say that given the location of intervention stocks in Germany, transportation costs to Spain are high, around 25-30 euro/ton. Consequently, German rye delivered to Spain would sell for about 135-140 euro/ton.

At these prices, Spanish feed manufacturers are likely to cover nearby needs with domestically produced barley (currently selling for 134 euro/ton) in interior areas and U.S. sorghum in coastal areas.

Although sorghum and rye may help fill some of Spain's feed grain needs, supplies are not likely to be sufficient to hold down prices in either Spain or the EU. As a consequence, livestock producers will be paying significantly more for feeds in coming months.

Wheat

The wheat crop in areas in the north of Spain was hurt by unusually hot, dry weather during the heading stage. Supplies of feed wheat are scarce, pushing up prices and reducing feed uses in MY 2003/04. Feed wheat will be replaced by imported sorghum, domestic barley and rye from Germany. The domestic durum crop was not affected by the hot weather. The large durum crop should support substantial exports in MY 2003/04.

Barley

Despite the heat wave, the 2003 crop should reach 8.7 million tons, a 5 percent gain from the previous year. This increase will permit a larger feed use of barley during MY 2003/04.

Corn

The heat wave also hurt the corn crop. We now expect a crop of 4.3 million tons for 2003, which is 10 percent lower than last year. Lower production in both Spain and in other EU countries is expected to push up prices significantly in the EU market. If prices go high enough, they could permit corn imports at full duty from outside the EU.

Due to the EU's GMO moratorium, no opportunities are expected for U.S. corn in the EU market in MY 2003/04.

Sorghum

Spain imported about 200,000 tons of sorghum during the last few months of MY 2002/03. Imports for MY 2003/04 could total 700,000 tons, including about 500,000 tons from the U.S. The major uncertainty of this forecast is price. As the only "politically correct" (i.e., non-GMO) U.S. feed grain available for export in any quantity, sorghum may be in demand from non-traditional buyers.

Rye

Due to the lack of feed grain in the EU market, Spain could import a large amount of intervention rye from Germany. However, as noted above, the EU's Grain Management Committee is apparently not planning to sell this rye at bargain prices. Since Spain and Germany are at opposite ends of the EU, transportation costs for Spanish buyers are likely to be among the highest in the EU.

(Current exchange rate: 0.92 Euro/U.S. dollar).

PSD Tables

PSD Table							
Country	**Spain**						
Commodity	**Wheat**				(1000 HA)(1000 MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Harvested	0	2201	0	2402	0	2360	(1000 HA)
Beginning Stocks	0	450	0	450	0	450	(1000 MT)
Production	0	4937	0	6782	0	6350	(1000 MT)
TOTAL Mkt. Yr. Imports	0	5349	0	5500	0	4500	(1000 MT)
Jul-Jun Imports	0	5349	0	5500	0	4500	(1000 MT)
Jul-Jun Import U.S.	0	612	0	160	0	300	(1000 MT)
TOTAL SUPPLY	0	10736	0	12732	0	11300	(1000 MT)
TOTAL Mkt. Yr. Exports	0	1193	0	1700	0	1700	(1000 MT)
Jul-Jun Exports	0	1193	0	1700	0	1700	(1000 MT)
Feed Dom. Consumption	0	4781	0	6232	0	4800	(1000 MT)
TOTAL Dom. Consumption	0	9093	0	10582	0	9150	(1000 MT)
Ending Stocks	0	450	0	450	0	450	(1000 MT)
TOTAL DISTRIBUTION	0	10736	0	12732	0	11300	(1000 MT)

PSD Table

Country	**Spain**						
Commodity	**Wheat, Durum**				(1000 HA)(1000 MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2001		01/2002		01/2003	MM/YYYY
Area Harvested	0	881	0	925	0	883	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	1756	0	2073	0	2100	(1000 MT)
TOTAL Mkt. Yr. Imports	0	320	0	240	0	240	(1000 MT)
Jul-Jun Imports	0	320	0	240	0	240	(1000 MT)
Jul-Jun Import U.S.	0	10	0	0	0	10	(1000 MT)
TOTAL SUPPLY	0	2076	0	2313	0	2340	(1000 MT)
TOTAL Mkt. Yr. Exports	0	970	0	1500	0	1500	(1000 MT)
Jul-Jun Exports	0	970	0	1500	0	1500	(1000 MT)
Feed Dom. Consumption	0	506	0	213	0	240	(1000 MT)
TOTAL Dom. Consumption	0	1106	0	813	0	840	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	2076	0	2313	0	2340	(1000 MT)

PSD Table

Country **Spain**

Commodity **Barley**

	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	(1000 HA)(1000 MT) 2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Harvested	0	2994	0	3100	0	3032	(1000 HA)
Beginning Stocks	0	700	0	0	0	200	(1000 MT)
Production	0	6245	0	8333	0	8700	(1000 MT)
TOTAL Mkt. Yr. Imports	0	1687	0	850	0	750	(1000 MT)
Oct-Sep Imports	0	1687	0	850	0	750	(1000 MT)
Oct-Sep Import U.S.	0	39	0	0	0	0	(1000 MT)
TOTAL SUPPLY	0	8632	0	9183	0	9650	(1000 MT)
TOTAL Mkt. Yr. Exports	0	40	0	100	0	100	(1000 MT)
Oct-Sep Exports	0	40	0	100	0	100	(1000 MT)
Feed Dom. Consumption	0	7265	0	6950	0	7350	(1000 MT)
TOTAL Dom. Consumption	0	8592	0	8883	0	9350	(1000 MT)
Ending Stocks	0	0	0	200	0	200	(1000 MT)
TOTAL DISTRIBUTION	0	8632	0	9183	0	9650	(1000 MT)

PSD Table							
Country	Spain						
Commodity	Corn				(1000 HA)(1000 MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Harvested	0	504	0	463	0	469	(1000 HA)
Beginning Stocks	0	400	0	300	0	300	(1000 MT)
Production	0	4957	0	4463	0	4300	(1000 MT)
TOTAL Mkt. Yr. Imports	0	3221	0	3400	0	3000	(1000 MT)
Oct-Sep Imports	0	3221	0	3400	0	3000	(1000 MT)
Oct-Sep Import U.S.	0	6	0	6	0	6	(1000 MT)
TOTAL SUPPLY	0	8578	0	8163	0	7600	(1000 MT)
TOTAL Mkt. Yr. Exports	0	156	0	100	0	100	(1000 MT)
Oct-Sep Exports	0	156	0	100	0	100	(1000 MT)
Feed Dom. Consumption	0	6922	0	6463	0	5900	(1000 MT)
TOTAL Dom. Consumption	0	8122	0	7763	0	7200	(1000 MT)
Ending Stocks	0	300	0	300	0	300	(1000 MT)
TOTAL DISTRIBUTION	0	8578	0	8163	0	7600	(1000 MT)

PSD Table							
Country	**Spain**						
Commodity	**Sorghum**				(1000 HA)(1000 MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Harvested	0	8	0	7	0	7	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	44	0	33	0	33	(1000 MT)
TOTAL Mkt. Yr. Imports	0	175	0	330	0	700	(1000 MT)
Oct-Sep Imports	0	175	0	330	0	700	(1000 MT)
Oct-Sep Import U.S.	0	8	0	146	0	500	(1000 MT)
TOTAL SUPPLY	0	219	0	363	0	733	(1000 MT)
TOTAL Mkt. Yr. Exports	0	1	0	1	0	1	(1000 MT)
Oct-Sep Exports	0	1	0	1	0	1	(1000 MT)
Feed Dom. Consumption	0	217	0	361	0	731	(1000 MT)
TOTAL Dom. Consumption	0	218	0	362	0	732	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	219	0	363	0	733	(1000 MT)

PSD Table

Country **Spain**

Commodity **Rye**

	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	(1000 HA)(1000 MT) 2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Harvested	0	101	0	102	0	105	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	107	0	174	0	185	(1000 MT)
TOTAL Mkt. Yr. Imports	0	357	0	230	0	1000	(1000 MT)
Oct-Sep Imports	0	350	0	230	0	1000	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	0	464	0	404	0	1185	(1000 MT)
TOTAL Mkt. Yr. Exports	0	4	0	10	0	10	(1000 MT)
Oct-Sep Exports	0	3	0	10	0	10	(1000 MT)
Feed Dom. Consumption	0	440	0	374	0	1155	(1000 MT)
TOTAL Dom. Consumption	0	460	0	394	0	1175	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	464	0	404	0	1185	(1000 MT)